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HUMAN RESOURCES DEVELOPMENT AND TRAINING IN TRADE-SUPPORTING SERVICES: KEY GROWTH WITH SPECIAL POTENTIAL FOR LDCS

Issues note
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A. Preface

Paragraph 159 of the Bangkok Plan of Action (TD/386) says that "UNCTAD should play a role in providing information to enterprises and Governments regarding: (a) the linkages between human resource development (HRD) activities, particularly training, and the performance of enterprises; (b) long-term planning for HRD activities, coordination of training activities and collaboration or development of partnerships between enterprises; (c) formulation of HRD policies and strategies to be followed by developing countries". In line with this mandate, the Trade and Development Board agreed that there should be an Expert Meeting on Human Resources Development and Training in Trade-Supporting Services: Key to growth with special potential for LDCs. The Meeting will provide an opportunity for an exchange of information and experience between experts on HRD and its role in enhancing trade-supporting services in developing countries and countries with economies in transition, and to generate proposals for application within countries, especially LDCs. The objective of this issues note is to identify key issues that the Expert Meeting should address in its deliberations.

1. Introduction

1. Individual human performance is of crucial and growing importance for development. This is true in any context, but notably with regard to trade-supporting services, since the ability of traders to enter new markets and to satisfy them depends on these services, and in particular on the competence and efficiency of the individuals who provide them. Good performance can be encouraged through sound policy and practice directed both towards each individual and towards creating an appropriate business and learning culture in society. This is the role of human resource development (HRD), which has until recently been a neglected field in many communities.

2. HRD has gained growing relevance for business because of:

- The changing balance between physical resources and intangibles in the production process;
- Increasingly rapid change in markets that requires constant updating of knowledge and skills, as well as changing attitudes;
- Growing polyvalence of staff in more efficient organizations;
- Globalization, whose opportunities can be grasped only through special competence and innovation.

In parallel, information and communications technology has opened up new and growing opportunities for learning, particularly for many communities that previously had difficulty in accessing information and relevant training.

3. Substantial or even dramatic improvements in business, and particularly in trade, are made possible by effective training within the framework of a sustained HRD policy – for which concerted action is needed. With the growing knowledge intensity of production and business transactions, continuous learning through training by formal institutions as well as at the enterprise level has become a critical factor for competitiveness. Unfortunately, the opportunities offered by effective training throughout the production and trading systems and the importance of a coherent HRD policy have not been fully seized in most countries or communities, or by many enterprises. The objective of this issues note is to draw attention to key issues and to stress that initiatives must be taken at a local level, as well as through cooperative action within the international community that can furnish opportunities for all. Particular experience developed by UNCTAD for training through inter-country networking has special relevance to strategies for international action.

2. Making HRD a tool for development

4. The latter part of the twentieth century saw massive improvements in productivity, due above all to improved use of materials. This had the strongest impact on development in those countries that controlled materials and production. In latter years, the contribution of people as individuals has begun to emerge as the key factor for improvement, and in future the world must look at people as its source of growth and broader prosperity. This heralds real change, as not only will the efficiency of established businesses continue to increase, but the rate at which new types of business are generated will grow. There is no limit to growth when carefully cultivated ingenuity leads to new business and when growing competence, together with technological progress, enables business to develop competitively. However, human resources cannot be expected to adapt at random: to build competence and liberate ingenuity through HRD will be the key to future development, and benefits are available to all countries ready to develop their human potential, irrespective of historical strengths or traditional barriers.

5. Officials and managers already subscribe widely to the importance of human resources and the need to develop skills, knowledge and attitudes throughout the community, but this is rarely supported by appropriate commitment and practical action. Many enterprises, communities and countries have been unable to create the conditions necessary for successful HRD. This already holds back growth, but in a future more competitive world it may restrain the capacity of countries even to maintain existing trading positions. It is important to explore why evident awareness is not accompanied by corresponding action, and to identify policy measures that will bring widespread support for HRD, meaningful action and lasting results.

6. The object must be to generate a more dynamic society in which initiatives will be taken, reliable services provided, and efficiency increased both at the individual level and

among communities. The relevance of this to better market positioning is evident, and the necessity in relation to a rapidly changing world is intuitively obvious, but the most significant target is to generate new business opportunities – which will be a key element of development. While this is true across the entire business community, it is especially relevant in relation to trade-supporting services, which can enable existing producers to serve new markets and attract completely new processing industries by establishing efficient trading links.

7. The impediment often relates to lack of policy objectives, or understanding of them or commitment to them. There is, therefore, a crucial need for measures that will change both practice and policy before the widely sought results can be achieved. Many of the measures that may be taken imply a change of procedures or approach that need not lead to financial cost. The financial costs associated with HRD are generally modest compared with those of infrastructure development. However, introducing new measures will require prioritizing and concrete efforts on the part of both policy makers and operators. It is evident that the key to overcoming the barriers to HRD lies in appropriate policies, determination and commitment.

8. One last fundamental consideration is that HRD must ensure not just that personnel acquire greater competence, but that they can use this competence. The environment in which people operate will need to change, not only before new competence can be used effectively but often before competence requirements are defined. Such change will be required at all levels, from the immediate operating environment to national structures. This is not easy and will require special policy attention; in particular, institutional and hierarchical relationships may need to change, and this can cause wide resistance. It should be stressed that economic and social development requires an adequate balance of competence and opportunity. Competence signifies personnel with appropriate knowledge, skills and attitudes cultivated through HRD techniques backed by policy. Opportunity is external to the personnel and requires that institutional arrangements be put in question and revised accordingly. Ways to bring about institutional changes are as much a part of HRD as any other measure to be recommended.

9. HRD is about enabling personnel to contribute fully to outputs and growth. An important tool of HRD is training; it is an essential complement to change and acquires greater significance as the rate of change in business and in its context increases. Training is rendered more effective through current developments in information and communications technology. New tools, especially for structured individual learning, or distance learning, offer exciting new opportunities that will enhance the effects of HRD policies everywhere, and notably offer advanced opportunities to communities that have previously had only difficult access to the most effective training.

3. The need for HRD in trade-supporting services

10. Transport is a key trade-supporting service. In UNCTAD its importance for developing countries was recognized from the earliest days, when a programme of work on maritime transport was established as a core theme in 1966. The availability of transport links, as well as their cost, were vital influences on the ability of developing countries to trade and to pursue development. At that time, the traditional maritime sector began to change rapidly, while many developing countries lacked the necessary experience to handle their traffic efficiently, to develop trading opportunities to the maximum, and to adapt promptly to changing conditions. These characteristics were to become even more important as globalization became a feature of trading patterns.

11. Diversification and growth of foreign trade of developing countries called for change in both policy and practice with regard to maritime transport. Policy considerations were the starting point within UNCTAD, but it was quickly recognized that this should be accompanied by technical cooperation activities, and that these should include training. Thus the UNCTAD secretariat has been organizing training in the field of maritime transport for some 30 years. Early training was directed at senior decision makers – officials and managers – and feedback showed the training fulfilled a real need and gave great satisfaction. But, as a result of continued feedback, attention from the late 1970s turned increasingly to the training needs of operational and more junior personnel. Several strategies have been followed, including the delivery of training courses by UNCTAD staff and consultants, the central preparation and distribution of training materials, and the strengthening of local training institutes to provide locally directed training to high standards. Networking among such institutes has proved particularly useful

12. These strategies were not simple alternatives, but a natural extension from one successful application to another – an evolution that now continues through greater use of distance learning techniques and will continue further as the need for permanent learning becomes widely accepted. So there is a wealth of experience in this field, and it is being used in relation to other trade-supporting services, as well as providing a basis for UNCTAD's wider capacity-building activities[1]. However, it is not sufficient to provide exhaustive results unless accompanied by thorough HRD policies.

13. The secretariat makes regular visits to developing countries and countries in transition where technical cooperation has involved learning or training activities. Across all activities, whether or not they have received international support, two clear observations can be made:

- Even where training is technically good and related to priority issues for the communities concerned, it often fails to show the results that are expected. However, expectations are rarely expressed formally, and the failure is not recognized formally;

[1] Many UNCTAD programmes today have training components. Capacity building is identified specifically in paragraph 166 of the Bangkok Action Plan, and UNCTAD has appointed a focal point to coordinate action.

- The fact that results are not achieved lowers commitment to further training, whereas the fact that this failure was not formally recognized prevents remedial action being taken. A vicious circle is at work.

Problems can be identified in a variety of fields. Most of them are foreseeable and readily explained; they are applicable to all trade-supporting services and to the majority of countries but above all to developing countries and countries with economies in transition. This includes the LDCs, which have the most to expect from their resolution. But the problems are inherently difficult to resolve and their solution lies eventually in policy change at local and national levels.

14. Trade-supporting services have a critical influence on the volume and profitability of trade. Yet their contribution is highly dependent on knowledge, skills and attitudes that must be adapted constantly, so training and HRD are particularly crucial. Effective training services will ensure that training needs are identified and learning opportunities are offered. It is HRD policy that will provide the environment in which training services are available and, more important, can operate effectively to produce results.

4. Feasible policy change

15. Policy is discussed here at three levels: enterprise, local community and country.

16. It is the enterprises within which people are employed that have greatest scope to apply the elements of HRD. The enterprise is a key production unit and instrument of development, and is thus in a position also to feel the benefits. It has, therefore, both the means and some motivation to apply HRD measures, for which it should have its own policy. But it can be encouraged to go further by government policies for HRD, as well as by government policies to enhance productivity and good management. Factors that an enterprise can influence by its own policy include:

- Recruiting on merit;
- Offering career development;
- Anticipating change and supporting training for change;
- Encouraging and rewarding initiative;
- Motivating performance.

All are within the control of management but they may be encouraged by national policy.

17. Experts may wish to give particular attention to questions of what an enterprise can do to:

- Involve all levels of management in HRD;
- Focus on medium-term and community-wide returns;
- Retain staff of increased competence;
- Enable staff to use increased competence to the full;
- Share policies with their national, localised or professional communities.

18. An underestimated focus for action is localized (city or region) or professional communities. Trade-supporting services are interrelated since (1) each transaction may depend on several service providers and (2) they should all benefit as trade expands. Real growth depends on communities offering a coordinated efficient service, so it is advantageous that key communities identify themselves and share a common policy and take common action. Many of the personnel characteristics, skills and knowledge are common, and to some extent may be exchanged, so there is a common pool of human resources. Above all, service providers should be working together to offer a complete service for national and potential foreign clients. In these respects they will benefit from a common HRD policy, which may include:

- Educational standards;
- Forecasting and promoting change and related personnel requirements;
- Policies for training and encouraging training service providers;
- Support in implementing change;
- Career development and staff exchanges;
- Institutional simplification in relation to central government.

19. A particular community focus is the port community, facilitating maritime connections with overseas markets and suppliers and with potential to attract new business from foreign clients in the context of globalization. However, such a community may not have legal means to impose policy and may be obliged to promote a voluntary code that serves the interests of all.

19. Experts may wish to give particular attention to questions such as what can be done to create localized or professional communities with a focus on HRD in the field of trade-supporting services, and what each community can do to:

- Promote and obtain commitment to HRD;
- Share costs of significant joint action;
- Engage the Government to improve the environment for HRD.

20. The state naturally has a role in policy-making. It is well placed to:

- Foster education and establish practices for recruitment or dismissal, or salary levels, even though these may have only indirect effects on performance.

It can have a more direct influence on performance through:

- Measures such as tax incentives or target requirements to encourage or enforce training.

Further, it can encourage performance improvement through HRD through:

- Policies for institutional development at enterprise and local community levels;
- Promotion of HRD by measures such as the creation of councils or awards that keep related issues in focus.

21. Experts may wish to give particular attention to questions such as what countries can do, with respect to trade-supporting services, to:

- Promote a favourable environment for HRD;
- Engage local and professional communities in action for HRD;

- Identify and build on successful experience with HRD, inside and outside the sector and in other countries;
- Ensure a long-term commitment to HRD.

22. A first step is for all countries and communities to increase awareness of the importance of HRD and its potential to revolutionize development. A second is to establish mechanisms to initiate and monitor policy measures. A third is to promote learning, including engagement in international training efforts that are or may be initiated through UNCTAD and other international organizations – particularly those that foster capacity development and build on regional cooperation and those that use modern information and communications technology for training. These are all issues to which the Expert Meeting may wish to give attention.

5. Least developed countries

23. There can be no doubt that HRD in trade-supporting services has great potential for expanding trade in all countries, and especially in countries with the following characteristics: those with inherent advantages for attracting transit goods for processing, such as countries near major shipping routes, and having an able, low-cost work force; and those that currently experience low trade volumes and suffer from barriers or high transit costs in linking with foreign markets. Most LDCs fall into the second category, and above all the many landlocked countries among them. The possibility for newly empowered personnel in these countries to create new trading opportunities and to cut the costs of existing trading needs full recognition.

24. Infrastructure and physical resources have always played a dominant part in growth. Future perspectives are that the competence of local personnel will be the dominant influence on new and established business. Future prospects depend, therefore, on the ability to identify and develop the specific potential of any country and generate the appropriate skills to induce growth in areas of comparative advantage.

25. But in addition, there are many opportunities for HRD to be developed through networking and the use of technology in learning. There is a proven ability for training to be enhanced and expanded by sharing of efforts, resources and products, and the sharing is greatly enhanced by new information and communications technology. Networking is to the benefit of all concerned, so countries at all levels of development have reason to become involved, but LDCs can expect to gain more than other network members by drawing on the full breadth of experience and progress of larger and more advanced countries, with no immediate obligation to contribute in return. Such contribution as they can make to networks – and it should be as large as possible – may be of most help to other LDC members, and by reciprocation will benefit them all as the special conditions pertaining to LDCs are dealt with to the maximum.

26. The Expert Meeting may wish to give particular attention to questions such as what can be done within LDCs to overcome constraints affecting the development of HRD necessary for trade-supporting services.

6. Conclusions

27. While HRD is critical for development, the factors that will enable it to function well are not clearly understood, nor is how to put them into practice. The Expert Meeting should enable current problems to be enumerated and solutions explored, so that suitable policy measures can be recommended or further studies proposed.

28. Systematic training is a vital instrument to ensure that proper policies are accompanied by performance improvement. The many training tools that already exist, particularly distance learning through information and communications technology and networking of suitably qualified local institutions, have a key role in ensuring that policies are matched by action.

29. Experts may wish, in conclusion, to:

- Reaffirm the enormous potential of HRD for development so that appropriate action will be given priority attention by Governments, communities and enterprises;
- Identify best practice in HRD policy and practice;
- Identify the factors that contribute to effective HRD and which must be addressed to maximize development potential through dynamic and effective trade-supporting services;
- Suggest actions that are particularly important and relevant to HRD for trade-supporting services;
- Recommend strategies in the field of training with proven potential to help HRD in trade-supporting services;
- Identify policies and measures that are most relevant to LDCs;
- Propose an action plan action that will guide UNCTAD, countries, communities, enterprises and a range of potential partners in promoting policy and practical measures for HRD with particular regard to trade-supporting services.